DOCUMENT RESUME

ED 132 685 EA 008 971

TITLE Block Grants: A Roundtable Discussion. A Commission Report.
INSTITUTION Advisory Commission on Intergovernmental Relations, Washington, D.C.
REPORT NO A-51
PUB DATE Oct 76
NOTE 34p.

EDRS PRICE MF-$0.83 HC-$2.06 Plus Postage.
DESCRIPTORS *Conference Reports; Conferences; *Federal Aid; *Federal Programs; Government Role; Grants; *Program Descriptions; *Social Science Research
IDENTIFIERS *Block Grants; Comprehensive Employment and Training Act; Housing and Community Development Act 1974; Partnership for Health; Safe Streets Act; Social Security Act Title XX

ABSTRACT

This publication is the edited transcript of a four-hour roundtable discussion of the impact of federal block grants. Participating in the discussion were representatives of four organizations conducting major research on five federal block grant programs--the Advisory Commission on Intergovernmental Relations, the Brookings Institution, the National Academy of Sciences, and the Urban Institute. Each of the five block grant studies is described briefly, then representatives of the various research organizations discuss the impact and success of block grants, as well as the similarities and differences between block grants and other federal programs. The block grant programs discussed include "Partnership for Health," the "Safe Streets Act," the "Comprehensive Employment and Training Act," Title XX of the "Social Security Act," and the Community Development Block Grant portion of the "Housing and Community Development Act of 1974." (JG)

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Block Grants:
A Roundtable Discussion

A Commission Report

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Advisory Commission on Intergovernmental Relations
Washington D.C. 20575
October 1976

Preface

In February 1976, the Advisory Commission on Intergovernmental Relations convened what we called a block grant research conference with representatives of four organizations conducting major research on the five programs we identify as block grants: *Partnership for Health*, the *Omnibus Crime Act Control* and *Safe Streets Act*, the *Comprehensive Employment and Training Act*, Title XX of the *Social Security Act*, and the Community Development Block Grant portion of the *Housing and Community Development Act of 1974*.

At the time of the meeting ACIR had completed its work on two of the blocks: Partnership for Health and Safe Streets; the Brookings Institution was near completion of the first phase of its study of the Community Development Block Grant; the National Academy of Sciences had published a preliminary report on its findings after one year of study of the *Comprehensive Employment and Training Act*, and the Urban Institute was well along in a study of Title XX.

The purpose of the meeting was to exchange information on the methodology, findings, and implications of the studies and to discuss the impact of the aid instrument known as the "block grant"—comparing similarities and dissimilarities and drawing conclusions, if warranted, as to how the block grants are working.

This document represents an edited transcript of this four-hour session. It has intentionally been edited with a light touch to preserve the spontaneity as well as the substance of the session. It is not meant to definitively answer the question: Do block grants work? But rather, it intends to provide some insight into the workings of a popular but as yet little understood intergovernmental aid mechanism.

Each of the five studies are described at the beginning of the document. Following this background, key questions discussed include: Do block grants represent decategorization or recategorization? Was congressional intent ever to be decategorization? What is the state role in block grants? Is there a difference between special revenue sharing and block grants? Are the "generalists" more in control in block grants than in categorical grants? To what end? Is citizen participation more meaningful in block grants than in categoricals?

I would like to thank all the participants for their contributions and particularly Richard P. Nathan of Brookings for his service as chairman of the session. I hope those interested in the workings of the federal system—particularly the federal aid impact on intergovernmental relations—will find this discussion timely and beneficial.

Wayne F. Anderson
Executive Director

Robert E. Merriam
Chairman

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Block Grants: A Roundtable Discussion

Mr. Nathan: This meeting is being held at the Advisory Commission on Intergovernmental Relations and was set up by Wayne Anderson, executive director of ACIR. Both Wayne and the Commission's chairman, Robert E. Merriam, are now on the Hill testifying on the ACIR budget, but they will join us soon. We have a good cross-section today of studies that are currently underway on the major block grant programs. I'd like to ask each participant to start out with a ten minute description of his or her research program.

Mr. Morris: I will discuss the Brookings research project on the Community Development Block Grant (CDBG) program primarily in terms of what our objectives are, and Sarah Liebschutz will talk about the methodology.

We are all familiar, I think, with the CDBG title of the *Housing and Community Development Act of 1974*. Brookings has undertaken a two-year monitoring study to examine the performance of the program. Although the CDBG program is sometimes considered simple, it turns out to be a fairly complicated program. Its complexity becomes especially striking as we try to identify the issues we want to examine.

In addition to providing a general overview of the program, we are trying to focus on the most salient and policy-relevant aspects of the program, particularly those elements that are new and likely to have a substantial impact on both local government and the intergovernmental system. I will quickly list our major concerns.

The first is the funding mechanism, because the program provides a new approach to the allocation

of funds for community development. This allocation is, of course, one of the core elements of a block grant approach. We are undertaking an examination of the distribution of community development funds both in terms of where the money goes nationwide and in terms of who gains and who loses compared to the previous categorical programs.

For example, we are interested in finding and identifying significant shifts in the distribution of funds We are also interested in exploring a number of alternative formulas.

Perhaps the more interesting question is how CDBG money is used at the local level. We want to look at how the funds are being spent and what kinds of activities are being funded. There are a number of ways of looking at this; for example, the capital expenditures versus other types of expenditures, the amount of money that goes into social service programs, and the extent to which this money is used to leverage other federal grant funds.

We are looking at the targeting of funds within jurisdictions. The act establishes as one of its purposes the targeting of funds toward lower- and moderate-income people. To what extent is that being accomplished? What kind of groups, for example, are the primary beneficiaries of this program compared to those who have been beneficiaries under the other categorical grant programs? Along the same lines, we would like to look at the extent to which there is substitution of CDBG funds for regular budget expenditures. How much of the money represents additional expenditures for community development and how much of it goes to replace expenditures that would otherwise have been undertaken?

Another important feature of the program is the kind of political impact it is likely to have, because a large part of the general context within which the block grant emerged had to do with the idea that certain trends in the federal system ought to be modified or reversed. This was Mr. Nixon's "New Federalism" theme, the decentralization of responsibility. These kinds of concerns raise a number of interesting questions that we want to look at.

One has to do with the impact of the program on local governments. Here we want to look at the application process and the extent to which there are shifts in responsibility for community development activities; for example, a shift from program specialists to generalists—mayors and other elected public officials, and city managers.

We are also interested in the way this entire process is gearing up, including the preparing and processing of applications at the local level. Does it encourage changes in what I call "democratization" as a way of broadening citizen participation? To what extent is the local decision making process opened up as a result of the application for CDBG funds?

We are interested, too, in the kinds of structural changes that occur as a result of the CDBG program; for example, cases in which a city reorganizes various agencies into a new community development agency and/or simply shifts its bureaucracy. Related to this is the question of local capacity building and the extent to which these changes get to the elusive objective of strengthening the capability of local government to plan and implement community development activities.

Finally, we want to look at the impact of CDBG on intergovernmental relations, a tall order divided into two subparts. One of the fascinating things about the CDBG program is that it makes urban counties full participants, and thus creates a number of opportunities for change, for new types of relations among counties and incorporated units within counties. We're interested in the kind of relationships which emerge as a result of the CDBG program and the type of interaction or cooperation which is stimulated.

We are also interested in the role of "areawides" in the limited sense of A-95[1] and in the larger sense of sharing in the overall decision making and implementation processes within the context of the CDBG program.

And then, finally, that big one: the extent to which there has been a significant change in relationship of the local government and the federal government—the red tape issue, however defined. We are looking at the ways in which the relationship between the feds and the locals has changed, whether the change is in the direction of less federal involvement, a more simplified kind of grant relationship or, of course, whether the opposite process takes place. We are not only looking at the federal and local interaction as it relates to the CDBG application process but to an entire series of things, performance monitoring, for example, and what the total picture tells us about changing patterns of intergovernmental relations.

"We are looking at the ways in which the relationship between the feds and the locals has changed, whether the change is in the direction of less federal involvement, a more simplified kind of grant relationship, or, of course, whether the opposite process takes place."

Milton Morris
Brookings Institution

Ms. Liebschutz: I think most of you are aware that the interest in the Brookings' general revenue sharing study served as a catalyst for this study of the Community Development Block Grant program. While there are interesting differences between these two approaches of the "New Federalism," our general approach to research is the same for both studies. Under both the community development and general revenue sharing programs, we believe it is important to engage in research as soon as the new programs get underway. So within six months after governments had received their first CDBG entitlement funds or approval of them, our data collection efforts had begun.

The Brookings' CDBG study is a longitudinal study. The field associates are now in the process of submitting their reports on their first round of field research reflecting their analyses for the first-year funds. A year from now they will be submitting their second and final reports on the program. The data will consist of the observations and best judgments in three basic areas—the distributional, the fiscal, and the political aspects.

Our approach to data collection involves the use of knowledgeable observers of decision making in 62 sample communities. There are 35 Brookings field associates monitoring the economic and political impact of CDBG funds in the sample jurisdictions. Most of the associates are social scientists with university affiliations. We have one journalist and one foundation official.

I am serving in two capacities, as a field associate for the Rochester, New York, SMSA, and I am also involved in a broader role on the overall study. All of us are not officially involved, but interested and informed about what goes on in the communities we are monitoring.

Let me take a minute to describe the sample. The breakdown of metropolitan and non-metropolitan jurisdictions within the 62 jurisdictions in the sample conforms roughly to the distribution of non-metropolitan and metropolitan funds under the act; that is, 80 percent metropolitan and 20 percent non-metropolitan. We have, within that sample, 30 central cities, 12 metropolitan suburban "entitlement" communities, ten urban counties, five discretionary communities (non-metropolitan), and five non-metropolitan hold-harmless communities. These jurisdictions were selected to provide representation by region of the country, size, degree of fiscal pressure, and previous experience with the seven categorical programs folded into Title I of the act. We are monitoring in the nation's four largest cities. In fact, we are monitoring six of the nation's ten largest cities as well as several small central cities, including East Lansing, Michigan, and Auburn, Maine, and even one community which has a population under 10,000, namely, Alma, Michigan, a hold-harmless non-metropolitan jurisdiction.

Our sample of suburban entitlement units includes Cleveland Heights, Ohio, which had no experience with the earlier categorical programs. Greece, New York, one of the communities I am monitoring, which had only a very small water and sewer grant and which is a very fiscally sound suburb of Rochester; and East Orange, New Jersey,

which is technically a suburb, but which has central city problems and which had big urban renewal and model cities programs.

Our urban counties include Cook County, Illinois, which had only a very small open space program, and Los Angeles and Dade (Miami) Counties which had substantial experience in all seven categorical programs.

I would like to talk about how our field research associates arrive at their judgments as to the fiscal and political impacts of this money. We expect our associates to engage in extensive interviewing using a standard report form which is not a questionnaire but rather a guide to the kinds of issues we want them to consider. We expect them to have access to official documents, and we expect them to be current with the local thinking reflected in the press, etc. We expect them, after this collection of data, to be able to say whether the net effect of the CDBG money is enabling this government to embark on new spending programs, either operating or capital, which it would not have undertaken in the foreseeable future without these funds; or whether the net effect is to continue programs formerly funded by the categorical programs with the CDBG funds substituted for locally raised revenue, then freeing these funds to avoid borrowing or to stabilize or cut taxes.

The general revenue sharing study differs from the CDBG approach in that it is not attempting to say whether general revenue sharing has worked, but how it has worked. In the case of the Community Development Block Grant study, we hope at the end of our research to be able to say something about how "New Federalism" is operating.

The Comprehensive Employment and Training Act

Mr. Nathan: William Mirengoff will speak next. He has the distinction of being one of the first block grant researchers to hit this trail. He has already produced a report that was very well received by the government agencies involved and the knowledgeable community of manpower specialists.[2]

Mr. Mirengoff: The *Comprehensive Employment and Training Act*, better known as CETA, was the first special revenue sharing program to be enacted. However, there are many who view CETA less as a revenue sharing system and more as a reform of the existing manpower programs. The purpose of our evaluation study is to learn what happens when a $2 billion manpower program consisting of 17 different categories is decentralized and decategorized. Those are the two key words in the legislation.

> **"The general revenue sharing study differs from the CDBG approach in that it is not attempting to say whether general revenue sharing has worked, but how it has worked."**
>
> *Sarah Liebschutz*
> Brookings Institution

We are particularly interested in the impact on people, places, and programs.

Among the substantive areas examined are: distributional effects, planning changes, decentralization, program mix, and program participants.

Our first concern was the level of resources available for manpower programs under CETA compared to pre-CETA levels. We were also interested in the comparative geographic distribution of the resources.

We then looked at the manpower planning process, before and after CETA, to attempt to compare the relevancy of planning to decision making.

CETA scrambled the existing interorganiza-

tional relationships at all levels. We were particularly interested in the effects of decentralization on the roles of local manpower institution.

The premise of CETA is that if local authorities are given control over manpower programs through a single block grant, they will design programs more responsive to local needs. We were interested in finding out whether this premise is valid. Has the program mix changed?

Most importantly, what has been the effect on people? Has the clientele of manpower programs changed now that decisions are made locally?

Our methodology is quite similar to the Brookings approach. The CETA program is administered by about 400 prime sponsors.[3] From this universe, we drew a random probability sample of 28 prime sponsors stratified by type of prime sponsor, size, and extent of unemployment. This produced four state prime sponsors, six cities, nine counties, and nine consortia. In each of the sample areas, we selected an academician (manpower specialists or political scientists) to monitor the programs, interview key respondents, and provide us with local insights. Their inputs supplied the major source of information for our survey.

Our survey instrument was an extensive semi-structured set of questionnaires used to interview at least seven major respondents in each area (elected official, CETA administrator, chairman of the planning council, employment service and vocational education officials, spokesmen for community based organizations, etc).

Information from our field research associates was supplemented by data obtained from the national office of the Employment and Training Administration (formerly, the Manpower Administration).

Now a word about our findings. Although the objective of the new legislation is to provide training and employment opportunities through a decentralized and decategorized system, CETA, in fact, still operates largely through categorical programs with substantial federal involvement. More than half of CETA funds are expended on categorical activities. Although most of CETA funding is expended on decentralized programs, the degree of federal intervention in these programs is substantial. The question of "federal presence" has become a source of considerable tension. What the local authorities view as excessive federal interference is considered by the federal representatives as a reasonable discharge of their oversight responsibilities. What we have is a large gray area in which the grasp of the prime sponsors contends with the reach of the federal officials.

"The premise of CETA is that if local authorities are given control over manpower programs through a single block grant, they will design programs more responsive to local needs."

William Mirengoff
National Academy of Sciences

There are several points to be made with respect to the distributional effects of CETA. First, virtually all funds are distributed by formula rather than by federal discretion, making the program universal and the allocation of resources more objective. In terms of geography—and I'm talking in relative terms– the shift has been from the Southern to the Western and Northeastern states. It is also quite clear that counties, especially suburban areas, gained at the expense of inner-cities. This shift would have been much more pronounced had it not been contained by the "hold harmless" provisions of CETA.

With respect to planning, our findings are less clear. Compared with the pre-CETA system, we found the CETA planning process more meaning-

ful and closer to the decision makers. However, there is little evidence that CETA planning met Congressional expectations in terms of public involvement. There are a number of formal requirements such as publication of plans in local newspapers, provision for comments by interested parties, etc. But these are largely cosmetic and do not result in any kind of meaningful citizen participation. The preparation of a CETA planning document also left much to be desired. Under the pressure of impossible deadlines, the general practice was to pull together whatever was at hand, staple them, and send the package to the regional office in the hope that it would pass muster and turn on the funding spigot. It was not a meaningful planning activity.

Congress attached a great deal of importance to planning councils. It mandated the establishment of councils by every prime sponsor and stipulated their composition. We found, however, that the councils tend to be passive and dominated by the CETA administrators and their staffs. One third of the council membership consists of representatives of agencies which are under contract to deliver manpower services to the prime sponsor.

CETA decentralized not only the operational, but also the political, responsibility for manpower programs. It's quite clear that decisions being made about manpower programs now reflect the political processes and realities in the local areas. Elected officials are increasingly concerned with the political implications of their program decisions.

In terms of the manpower program mix, we have not detected any major change in the kinds of programs that are operating under CETA. The basic kinds of programs remain much the same, although there is a decided reduction in on-the-job training and an increase in work experience programs. Some changes have occurred in the agencies providing manpower services. Perhaps the most significant development is the tendency for prime sponsors to become direct program operators.

In terms of administration, it must be noted that the transfer of management of a large and complex system has, in fact, occured. Prime sponsors have established control over the manpower programs in their areas and, for the first time, local elected officials are involved and accountable.

Finally and most importantly, there is a decided shift in the clientele being served. Manpower programs are serving a broader spectrum of the labor force. This shift is reflected in a decline in the proportion of disadvantaged participating in manpower programs.

Mr. Nathan: That's very helpful and very good.

Title XX

Mr. Nathan: We'll turn next to the Urban Institute study of the one program of the five that isn't commonly referred to by law or spokesmen or governmental agencies as a block grant. The President now has it as one of four block grant proposals to take Title XX (the *Social Services Amendments of 1974*) and change it in such a way as to properly characterize it as a block grant along with the others we're discussing today.

Mr. Turem: Let me give a little introductory material, and then let Bill Benton get into how the work is being done.

To understand Title XX, which is a mystery to most people who aren't in the social service business, go back for just a little bit, to services provided to low-income people through welfare departments. These services first got a big boost in 1962 when President Kennedy supported legislation, passed on the theory, I guess, that if you provide lots of social services to welfare recipients you can get them off the welfare rolls and in other ways help them improve themselves. Social services were authorized in separate titles for the aged, blind, disabled, and families with children on AFDC.

By the end of the decade, the financial control system for social services was so poor and the definition of what you could do for people through social services so obscure that a number of states took the opportunity to use this authority to finance all kinds of things that used to be primarily within the purview of state financing—like mental health services. Because it was administered through the *Social Security Act*, federal funding was essentially open ended. However much the states wanted to put up, the federal government was obligated to match each state dollar with three, or a 75 percent match. The social services went through a series of highly prescriptive rules and regulations, not many of which made a lot of programmatic sense, but they didn't have much else to go on back in the '60s. There were rules for

services based on the number of welfare recipients per social worker and number of social workers per supervisor.

Each welfare recipient had to have a social study. A good deal of the growth of the staffs in local and state welfare departments during the '60s is attributable to this definition of the way the services programs were supposed to go.

It was at this point that the funding went from 50 percent, which is what the administrative share was, to 75 percent federal, and that looked like a real bargain to a great many of the states who started buying in. A number of the states didn't. By and large the character of the program was largely within the discretion of the state.

An excellent book by Martha Derthick of Brookings[4] describes this explosion. Many states used social services to refinance all kinds of things. You get some notion of the growth when you realize that when the Congress in the revenue sharing act finally set a limit on social services spending, the ceiling they set was $2.5 billion. Just a few years earlier, the social services account was somewhere in the vicinity of probably $300 or $400 million. At one time, planning in the Community Services Administration of SRS (Social and Rehabilitative Services within HEW) predicted the social services account (without the ceiling) would have been $12 billion by 1975.

In the first general revenue sharing act, a ceiling was put on social services. Then, largely through the efforts of a few people in HEW and some interest on the part of the congressional committees, the Title XX approach was passed. I characterize it as similar to a block grant in its clear admission that the federal government does not know what services should be provided. Thus, the attitude is why not just let the states figure it out and give the states the money to design their social service programs to deal with five goals in the legislation—self support, self care, protective services for children and adults, the prevention or reduction of institutionalization, and putting people into institutions who probably ought to be in institutions.

Title XX prescribed for the first time that this planning process be open to public review. The welfare bureaucracies in the states are pretty much closed systems (as was HEW for many years). They are vertical power systems with a lot of federal-state interaction. There were many times the state directors would have the federal regulations come out so that governors and other controlling people would have to do certain things. Welfare directors at the county level would go to county supervisors and say they needed a lot of money to do these things because the state required it, because the feds had made them do it that way.

Under Title XX for the first time the planning process has to be explicit, and it has to be open to public review. Beyond that, the legislation has few requirements. A state must offer family planning and offer at least one service under each of the five goals.

Pre-Title XX, the only way a non-public assistance recipient could get services was through an authority called "former and potential," the idea being that if someone looked like they were about to become a recipient, one could provide them some services and head it off. If someone is receiving services and he gets a job, starts earning money, and gets off of assistance, one shouldn't stop the program of services if it looks like they are going to help the person stay off welfare.

What happened was that former and potential got defined out to about five years at either end. If it looked like you're going to be a welfare recipient within five years or if you've been one within five years, then you could get services. It was a very cumbersome way to get services to low-income people who were not assistance recipients. Under Title XX that changes. In effect it decategorizes social service programs by essentially making them means-tested. People do not have to be tied to public assistance to get services and, indeed, at state option they can get services on a fee basis. In some states the family income under which one can get subsidized services is quite high. It varies all over the country with respect to that.

Mr. Benton: There are seven areas we are looking at. The first is the impact of Title XX on the state planning process. Is this open process that Jerry described different in any significant respect from the way the states did it previously? What is the relationship between that planning process and other planning processes?

A second area is what is the impact of Title XX on state agency management structures? What mechanisms have they set up to handle fees, planning, purchasing, and whatever?

The third area is to see what impact Title XX has had on who gets what kind of services and how

the services are delivered. For example, immediately prior to Title XX, a minimum of 90 percent of the services had to go to current recipients of public assistance. That has been dropped to 50 percent. Have states redirected those services away from welfare recipients to non-welfare recipients?

Also we are asking whether there is an increase, which apparently there is, in terms of contracting out services and providing them directly?

The fourth area is participation. Who is participating in the process? Are there different people participating to different degrees and to what extent are they influential? How is that different?

The next area is coordination—the law says there must be coordination with other human resource programs. What initiative has the state agency taken and what mechanism existed or was developed to meet that requirement?

Another is implementation. What mechanisms have the states established to translate the plan into action? What problems in training, manual development, what obstacles have kept the grand design from getting in place?

The final area that is important to us is one similar to some concerns of the other research. How has the character of the federal-state relationship changed?

As to methodology, we're going into five states in depth. The states are Oregon, Michigan, Iowa, New York, and North Carolina. We don't purport that those are representative of the entire country, but they do represent a geographical spread and a variation in size. The three characteristics that they in combination reflect are, first, whether the programs are state administered or locally administered. We think this may be important, whether local governments participate or whether it is state administered. Second is whether the state department is an umbrella agency, say as part of human resources or not. Third is whether states are at their ceiling or not. When the ceilings were put on, only a couple of states were affected by the ceiling. Before Title XX passed, I would say about 40 percent of the states expected to be at the ceiling. With Title XX, there is a lot of federal money which states now match and use. I think all but about eight states indicated their intent to spend all the money.

We will collect considerable data through interviews; we expect to conduct about 300. In addition, in these five states we are collecting extensive quantitative data on clients, costs, and services.

As far as the distribution of services and costs for the other 45 states—and this is a little bit different in methodology from Brookings and NAS—in the other 45 states and the District of Columbia, we will gather comparable information through the regional offices of HEW. We have developed an instrument that the regional office staff will be administering essentially by themselves, which will reflect the experience of the other states. This will all come together in our report, which is due in September and in turn will be reflected in the report which HEW is required to submit to Congress in April 1977, barring adoption of a block grant which says we don't have a Title XX anymore.

Mr. Nathan: I think it would be good if you could say a word about what you understand to be the kinds of changes that are in the Administration proposal that would make the Title XX program a block grant.

Mr. Benton: The understanding I have is that the matching requirement would cease to exist and the federal money would simply be an appropriation.

Mr. Turem: The preliminary version of the bill I saw would have had no prior plan approval and no matching requirement. It would have expanded the scope of things that the funds could be used for and would move closer to revenue sharing than a block grant. It could be used for health and a lot of things and the only real monitoring relationship would have been an evaluation requirement. HEW would review an evaluation plan.

Let me add a comment to something that Bill Benton said. In Title XX, if one just looked at the legislation and the *Federal Register*, it doesn't look like there is an onerous burden on the state. But HEW put out a program manual that in my view is worse than anything they put out before.

Mr. Benton: You can do whatever you want, but you're liable not to get reimbursed for doing it.

Mr. Turem: This 20 years of putting out regulations and guidelines is a hard habit to break. Even with a block grant, I wouldn't expect much would change. That's why you get these reports back from state social service and welfare directors and even some governors and mayors or their staffs that they don't see that anything has changed.

"This 20 years of putting out regulations and guidelines is a hard habit to break."

Jerry Turem
Urban Institute

They are afraid to try the new things that this Title XX approach is supposed to be liberating them for.

They are all gun shy in social services. They went through a series of regulatory changes and changes in legislation from 1971 to 1975 and they don't know what is coming next. None of them will believe this block grant approach. They figure it will be a block grant this year and then next year somebody doesn't like it, and we're back to the rule book.

Mr. Nathan: I'd like to identify something you can think about as our first subject to discuss when we complete the review of the projects underway: does the behavior of the bureaucracy in large measure determine whether a block grant program becomes an instrument for decentralization, and if so, to what extent?

The point you make about the manual for program review is relevant to similar kinds of reports we get in our field research on the CDBG program. The same issue has been alive in the CETA program. Are you going to have creeping re-regulation to put process and structures requirements on when you're taking off categorical and expenditure requirements?

That's why the kind of research we're here to talk about today has to be both economic and political. You've got to know where the money is going, but you've also got to know how the different players are behaving.

So I think we ought to take that as the first question. What do we really think these animals are going to look like when we get them all in the corral? Are they really decentralization instruments? What are the things you have to look at to come to some assessment about that?

The other thing I'd like to mention quickly that occurs to me as I listen to the discussion is that citizen participation so far, and Sarah can check me, is coming out as pretty strong in a lot of places in the CDBG program. We heard Bill say it doesn't have a lot of bearing in the CETA program. That is another subject that I want to put on the table for the discussion period.

The next two contributions in terms of studies underway of block or potential block grants are both ACIR studies. We want to cover the oldest, the granddaddy of the block grants, as President Johnson would probably have wanted to say, 314d, Partnership for Health. In fact, the two oldest we now save for last, LEAA and health, the two Johnson era, pre-Nixon and Ford programs that are described in law and in practice, I guess in both cases, as block grants.

Partnership for Health

Mr. Walker: Something to set the scene. We do describe Title XX as a block grant in our broad study of federal and state aid systems, in which we consider categoricals as well as look at the block grant picture. We've already examined general revenue sharing. In a sense this is a revisiting of our 1967 report, *Fiscal Balance in the American Federal System*,[5] where we called for a tripartite federal assistance system in which each component is to serve a different purpose.

Thus, we have long supported block grants, although in 1967, we didn't have a picture of what a block grant really involved. By 1976, however, the picture is clearer thanks to two block grants with some history. We are talking about block grants—not special revenue sharing—our staff knows the difference. Block grants usually came through as an answer to the problems of categoricals. But blocks also created new problems which are in some respects as great as those generated by categoricals.

So, ACIR is concerned with block grants. While we want more of them, we want Congress to know how to draft them, and we want federal agencies to know the new rules of administration that apply here. The recipient governments will have to understand that it's a different ball game, too. These

recipients include administrative generalists and the elected officials, as well as program administrators. The kitchen is much hotter when you've got a real block grant at the state and local level.

As for Partnership for Health, it is the granddaddy of the lot. I described it once as being like a small can of putty. You can use the block grant for almost any health purpose at the state and county level. It represents about 16 percent of the total federal funds that a state health department receives in any one year. Any time the Administration has tried to eliminate or bury the program, the states have succeeded with the Congress in sustaining it. They like it that much, despite its small size.

The Partnership for Health program came into being in 1967. At that time, the health professionals in HEW and the pertinent members of the Congress agreed that the delivery system for health care services had gotten incredibly confused as a consequence of the emergence of several different categoricals. Therefore, the resultant consolidation didn't have anything to do with the efficiency, economy, or discretion in state and local government but rather problems in the health area itself gave rise to a consensus that lasted about three years and then collapsed. In 1968, two or three areas were added to give a new special focus that had to be covered by state planning. By 1970, a cluster of amendments, some coming from the Administration but more from the private sector and the states, added a series of categoricals like the preventive health care program.

Health is probably the most nightmarish area from the standpoint of the politics of grants administration. One person at HEW administers the Partnership for Health program and another person spends one-quarter of his time in the ten federal region offices. These people don't review plans in terms of any substantive sense, but there is a sign off. This raises a fundamental political point. Congress every year wants to know where these monies have gone, and, of course, nobody knows. HEW has developed a system much like general revenue sharing, but when the federal monies are puny as is the case in Partnership for Health (accounting for three percent of all state health department outlays) the funds go for any number of things.

"Health is probably the most nightmarish area from the standpoint of the politics of grant administration."

David B. Walker
ACIR

The total authorization for Partnership for Health is currently $90 million. This isn't much. If you want to keep a block grant, you must keep Congress informed on what's going on. Congressional committees are not going to accept nonsense in this area. They want some idea, or they will go the categorical route. They consider it their money, by the way. It's not state and local money. Congress raises it, and Congress spends it.

If a block grant doesn't have a reporting system that provides some data on the impact, forget it. Partnership for Health has been funded at virtually the same level year in and year out, given the effects of inflation: from $60 million in 1966 to $90 million. This is an example of what happens when Congress doesn't get the answers it wants. It is particularly tragic in light of the hopes that this program would become the primary focal point for achieving a concurrence between national public health objectives on one hand and state and local objectives on the other. The assumption that there is a concurrence between national and state and local priorities is a fallacy to some degree. To put it another way, if mechanisms are not worked out administratively with a block grant for reconciling the potential conflict, then you're going to get categoricals or low budgets in that program area.

A lot of politics is involved here, but not many changes occurred. No governor, for example, is going to expend political capital on a program that involves three percent to 15 percent of his health department budget.

Partnership for Health will be considered by the

Commission at its March meeting.[6] A number of options have been developed. One view the Commission will consider is that in health it makes no sense to alter the status quo. Let the Congress and the middle level bureaucrats go their own way. The record would indicate that is what would happen in any event.

A second option would be a bolder, bigger block grant—not quite the extent of President Ford's—involving 15 essentially preventive health care programs. The Administration has one big apple (Medicaid) and a lot of little oranges, but in our block grant program we've been looking at the 15 little oranges, leaving that big apple out of it. Medicaid, after all, has little to do with preventive health care.

A third option stems from a report we did in 1961[7] and involves authorizing a 15 percent transfer from any one health categorical grant to another at the discretion of the recipient jurisdiction.

Those are the options under consideration..

Mr. Nathan: And now law enforcement.

Secondly, there are political factors which can't be ignored. To some, block grants appear to be a rather happy compromise between extending and possibly increasing general revenue sharing and continuing the categorical trend. It struck some of us that there had been growing concern in Congress with respect to some of the negative effects of categorical aids. At the moment, there seems to be a good deal of interest in Congress as well as the Administration in this middle-range approach.

With these factors in mind, we re-examined Safe Streets, particularly the block grant portion of the Act (Part C), although we also looked at the discretionary parts. We did not get into the law enforcement education area or the work of the National Institute of Law Enforcement and Criminal Justice. Like Partnership for Health, this block grant does have a relatively long history associated with it—seven years. Unlike Partnership for Health, however, it embodied the block grant from scratch. Perhaps this difference provides some other lessons of value in considering other block grants and their possible outcomes.

"The block grant instrument, particularly in the Safe Streets area, works something like a melting pot."

Carl Stenberg
ACIR

The Safe Streets Act

Mr. Stenberg: As some of you know, from March through November of last year we revisited the Safe Streets program. In 1970, we took a look at the first year and a half of experience under the Act and concluded basically that the block grant appeared to be a viable experiment. The Commission urged the Congress to let it continue and also urged the states to improve their performance in implementing the Act. Two factors prompted our recent block grant research effort. First, we felt that in Safe Streets, as in all the block grant areas, this was a particularly opportune time due to economic factors. After all, some believe that block grants will save money, especially if they are associated with grant consolidation.

There are half a dozen lessons we feel we've learned from our LEAA study. These aren't the only ones. There are many others that are contained in our forthcoming report.[8]

First of all, the block grant instrument, particularly in the Safe Streets area, works something like a melting pot. You have a lot of "foreign" elements coming together under federal auspices in a functional area that was at one point almost exclusively a state and local domain. There is encouragement, if not a requirement, for the various functional components of the criminal justice system—the police, prosecutors, defenders, judges, and corrections personnel—to cooperate and make decisions on planning and funding on a coordinated basis—something that hadn't occurred in 200 years. In short, you have a very ambitious and ambiguous piece of legislation.

"The lesson coming out of the Safe Streets experience is that from the outset, policymakers need to be clear about their purposes."

Carl Stenberg
ACIR

Coming out of this process though is the question of what is the proper mix? This leads us to a basic issue: What is the purpose of the block grant for crime control? This has been a major bone of contention throughout the life of the program. A second consideration seems to be, how do we go about doing the job?

We have identified three general purposes which could be applied to other block grants.

The block grant in Safe Streets has had a *supportive* role. The Act calls upon the LEAA to use monies to strengthen the capacities of state and local law enforcement agencies.

It also has had a *stimulative* effect in providing funds to set in motion research and the testing of new ideas on ways of dealing with crime.

Third, it has had a *system building* component, pulling together the diverse elements that have to do with crime reduction into this melting pot.

Where a mix of these three elements—support, stimulation, and system-building—is sought, the block grant is, in my view, an appropriate and desirable mechanism. Where one of these elements alone is sought, then perhaps we should consider other approaches; for example, stimulation appears to be best achieved under a project-based categorical grant. Basic system support appears to be best achieved under a formula-based categorical or even the revenue sharing option.

The lesson coming out of the Safe Streets experience is that from the outset policymakers need to be clear about their purposes. What is the block grant seeking to do in terms of these basic considerations? What is the proper mix of these purposes?

A second lesson involves funding. The total appropriation for the LEAA block grant program is a small piece of the criminal justice pie, between 4 and 5 percent of total state-local outlays for this purpose. As a result, it's almost impossible to discern an impact of these funds, particularly on a short-term basis, and I would emphasize short-term because Congress is geared to this time frame.

Funds tend to be spread rather thinly. Some are used for basic system support, some for stimulation, and some for system building. But what is the net impact? Here the block grant means different things to different people. The lesson that I think comes out of the Safe Streets experience with respect to funding is that if Congress wants results in a short period of time, either the purposes have to be narrowed or the amounts of money have to be increased so that a critical mass can be produced that will enable some change to result.

In Safe Streets, the critical mass has not been achieved and the purpose has not been focused. In fact, it's been broadened over the years.

Discretion is the third area in which we feel we've learned a lot of lessons. There seems to be a lot of mythology in the block grant area, as well as revenue sharing, that enormous amounts of discretion are conveyed to the recipient by the use of this instrument. There is a very delicate balancing act here for federal administering agencies, and in the case of LEAA, we find an agency under fire and in an extremely difficult position. On the one hand, the spirit of the block grant almost compels it to decentralize discretion and authority to its regional offices and to states. On the other hand, Congress is demanding some accountability on the part of LEAA for performance. LEAA has been unable to fully satisfy both the Congressional and the state interests.

Also coming into this picture are new functional interests and new jurisdictional interests demanding recognition under the block grant. Big cities and urban counties want their own piece of the action. The courts are putting pressure on LEAA and the Congress. With respect to administrative practices and procedures, the use of the block grant mechanism does not excuse a federal administering agency from getting tough with recipients, from rejecting plans, from disapproving grants, or

from auditing and evaluating. We find in all of these areas that LEAA has been lacking in varying degrees over the years, and we are proposing several steps we feel would put LEAA back on track. If the federal administering agency can do a good job in implementing the block grant, then the pressures for categorization in Congress can be abated.

The fourth lesson involves categorization. We don't have an ideal block grant. Safe Streets is a hybrid arrangement, partly due to responses to political pressures and functional interests and partly to the need that Congress feels for some assurance that the states and other recipients are complying with national interests expressed in congressional intent.

Generally speaking, however, as the block grant matures, states become better equipped to administer it. As the program grows older, a more balanced funding pattern emerges in terms of both the jurisdictions and functions involved. We find, for example, the claims of the big city and county interests as well as the courts to be largely unjustified on funding. On other (non-funding) issues they may be justified, but while the states are becoming better equipped to administer the block grant, Congress seems more and more willing to categorize the act. It's a bit ironic to say the least.

A discretionary fund for the administrator, found in several of the block grants, seems to be a politically expedient way to deflect some of these pressures. LEAA, for example, has used discretionary funds over the last couple of years to put a lot of money into court-related projects. In fact, the spokesmen for the judiciary, when they come before the Congress demanding a separate category in the act, are very positive in their references to LEAA's use of discretionary funds.

On the categorization point, two other things need to be said. One is a response to a question raised earlier by Dick Nathan having to do with guidelines. We were very concerned about creeping bureaucratization. Perhaps it's even worse than creeping categorization, but we took a look at the LEAA guidelines and the changes in them each year from 1969 to 1976. We found that with the exception of fiscal 1976, most of the changes which produced the increased requirements were the result of Congressional, not LEAA, initiatives. Many of these are outside of the *Safe Streets Act*. They have to do with NEPA (environmental impact statements); they have to do with the *Intergovernmental Cooperation Act*; and so forth. LEAA is acting more and more in a ministerial role.

As a second point on categorization, I would stress that this block grant involves a federal-state partnership. Local governments don't necessarily get dealt into the act. Under the *Safe Streets Act*, many local governments don't believe that a block grant exists, because all they have is a conception of a rather top heavy state apparatus that is involved in administering this program. It's a categorical approach from the state to the local level.

Mr. Nathan: Unlike CETA and CDBG.

Mr. Stenberg: One of the reasons states are categorizing is to insure there will be something new and different happening. The only way to do this is to narrow the local options.

Fifth, we are interested in the impact on generalists. The block grant mythology again carries with it the idea that the generalist is going to finally be put on top and the specialists put back in their place. Generalists are required to participate in regional and state planning units, to sign-off applications, and do other things. Yet, in the administration of Safe Streets, generalists aren't terribly interested in getting involved.

Unless the block grant provides a lot of money, unless it gives real as opposed to apparent authority, and unless there is a perception that something different is going to happen, I would say that the chances for getting generalist involvement—the mayors, the county elected officials, the managers—is going to be fairly slim. There is tendency to continue to let the functional specialists carry the ball.

Finally, with respect to planning, which probably means even more things to different people than the term "block grant," we found in the Safe Streets program that planning was viewed largely as a trigger for federal funds. Planning was not used or perceived as having a possible relationship to a systems approach to criminal justice problems and ways to resolve them. We feel this was a function of time; planning became an annual ritual rather than a meaningful process, and it was largely a function of the limited authority of the state planning agency.

There is an interesting story as to why Governor Brown of California decided to pick on LEAA when he came into office. He was having a meeting with his staff and at one point in the meeting they had

occasion to look at the state telephone directory. In the back there is an organization chart. The Office of Criminal Justice Planning for LEAA was a box but there was no line, either direct or broken, to anything. It was just out there. Governor Brown said, "What is this agency?" That caused him to become very interested in it, and I think, although this was an error on the part of the printer somewhere, perhaps it was one of those Freudian slips because in many states that is exactly the position the SPA occupies—sort of out there.

Our hypothesis is that unless the agency that is responsible for planning has sufficient authority and time, planning, as envisioned under the *Safe Streets Act* or any other block grant, is not going to work.

Those are our initial six lessons.

Mr. Anderson: You might mention a few words on methodology.

Mr. Stenberg: The data sources for this effort were several. We conducted national surveys of state planning agencies for criminal justice, regional planning units, and local jurisdictions over 10,000 population. The questions were factual as well as attitudinal, and a sizable and representative response was attained. State planning grant applications and the LEAA Grant Management Information System were other sources. Finally, we used case studies of the operation of the program in ten states where we made an attempt to describe how the block grant actually works.

Mr. Walker: I should add that in our Partnership for Health study we got all 50 of the state health departments to respond to a survey questionnaire, and we performed six in-depth individual state assessments of regional as well as state attitudes.

Deregulation or Reregulation?

Mr. Nathan: I've listed some questions that came up this morning. One of the participants said to me, "I didn't know all this work was going on." In that respect, I think we've achieved our purpose. We've laid out, hopefully in a readable manner, the various studies that are in the works on different block grant programs now in operation.

The first question that we put on the table earlier, and we'll go back to it now, is whether through the behavior of the bureaucracy, and particularly now I'm talking about the federal bureaucracy, there isn't an effect in this area of broadened grant instruments, for different kinds of federal control and intervention strategies to produce what someone recently called, "creeping reregulation." We have had some static in the system that this may be happening in CDBG, but we don't know.

What I'd like to do first is ask Bill Mirengoff, since he's written his first report, to talk about the extent to which, and the way in which, this issue pertains to the CETA program.

"I believe that over time there will tend to be an accommodation between the 'feds' and the 'locals.' With experience and association, some of the rough edges will tend to wear smooth."

William Mirengoff
National Academy of Sciences

Mr. Steiner: May I add a question in connection with that. How good is the evidence to sustain the proposition that deregulation is uppermost in the minds and hearts of those who put any particular program into place in the first instance? What right is there to believe that creeping reregulation is an abomination as far as carrying forward the purposes of the program?

Mr. Mirengoff: I guess I would say we are talking about a grey, fuzzy, ill-defined area in which the grasp of the federal bureaucracy contends with the reach of the local sponsors. The picture is very

mixed. It varies from region to region. There are some regions where the federal presence is dominant; where the arms of prime sponsors are being twisted and decisions are being made by the federal representatives. In other cases, the regional office is fairly neutral and permits the prime sponsors a great deal of leeway. The feds tend not to be involved unless there is evidence of malfeasance. Moreover, in the same region, the practice may vary among individual federal representatives, reflecting their own personalities. Some are more aggressive than others. The interpretation of federal policy also varies, not only among regions, but again even in the same regional office.

Now in terms of who is on what side of this issue, I guess it's fair to say that the Administration (certainly OMB) is pushing for decentralization and minimal federal presence and restraints. I think the top leadership in the Department of Labor and the Manpower Administration probably wants to move in that direction. However, the mid-level officials frequently have a different "mind-set." My own feeling is that the people who are administering CETA are probably moving in the direction of more, rather than less, federal presence.

One final point, I believe that over time there will tend to be an accommodation between the "feds" and the "locals." With experience and association, some of the rough edges will tend to wear smooth. However, if it came to a critical struggle, I think the political clout of the local prime sponsors would probably prevail.

Mr. Nathan: To pick up on Gil Steiner's question, we call our first report, *Monitoring Revenue Sharing*,[9] the idea being there were a lot of different purposes and people had different ideas at different times about what the major purposes and secondary purposes and tertiary purposes were of general revenue sharing. The aim of our research is not to say, here is what the act intended, and this is an evaluation to tell us how far we went in carrying out each objective or how far the government went right or wrong. Rather, we say this is a new policy; a lot of different people had a lot of new ideas as to why it should have been enacted. Our purpose is to collect data in relation to the most policy-relevant effects—political, fiscal, and distributive. Following that notion of the research into CDBG and others, the thing that is different about the block grant programs is that they move from categorical to, as Bill has said about CETA, decategorized and decentralized programs. That is the direction of change, and I don't think it is inappropriate, therefore, for us to put as one of the very important questions on our agenda, how far is there movement towards this broadening of the aid instrument, the decategorizing and decentralizing of administration, and how much is this being impeded in the block grant area where you have pre-existing bureaucracies at work that may have interests different from this changing policy direction?

Mr. Morris: Was decentralization intended? I guess it depends on whose intent you're looking at. I think the Administration's intent in the case of CDBG was, in fact, decentralization. I think Congressional intent was not nearly as strongly toward decentralization as the general rhetoric surrounding it might indicate. As a matter of fact, when you look at the issues, you find everybody coming out in support of less red tape, simpler administration, faster administration in the sense of getting the program off the ground and getting money out. There were about 60 days start-up time. But the real question of how much federal regulation was sort of bandied around for quite awhile. Eventually what emerged was a shifting around of the point at which regulation takes place rather than any significant shift in the degree of regulation. For example, what happened to the act eventually seemed to me to facilitate a quick start-up and to give the Administration the feeling it won part of the show: the program was going to start out with only a little bit of front-end involvement, limited substantive review of applications by HUD. But when you look at the amount of review that is involved, even the limited one that HUD can undertake, and when you tie that together with the performance monitoring requirements in the act, you come up with a package that still has a fairly extensive amount of federal involvement, of federal determination of what goes on. My feeling is that in some respects this might be a more significant way to approach it, although I'm not sure what the overall implications are. For example, giving the money first, having the people believe that a fairly limited amount of restraints are involved, but going in at the end of the year and starting to look at the books, and saying what did you do and this is what you probably should have

done, might be a more significant level and character of intervention than we had previously.

So that all in all, I think Congressional intent was not towards drastic decentralization or a drastic reduction of federal presence.

Mr. Nathan: But would you say in the direction of deregulation and less federal intervention it wasn't drastic? The rhetoric of block grants and particularly special revenue sharing tends to inflate that idea in importance and perhaps also to sort of read beyond the balancing process between the Administration and the Congress. But would you say that was the direction of change or that it was merely a different kind of intervention?

Mr. Morris: I think there is a gesture towards deregulation by the very fact that you take out seven excuses for going in and seven excuses for reviewing applications and making decisions and by doing that you reduce the amount of federal messing around with local officials and their books and their activities. There is some of that. But what I'm getting to is, that there is not as much of the total deregulation as the rhetoric surrounding the legislation might lead one to expect.

Ms. Doddy: I think that's a major point. During the legislative history, it was Congress that was interested in keeping in regulations and some federal control, and it was the Executive Branch that was interested in getting rid of them. The point was made in a recent NARC (National Association of Regional Councils) discussion between representatives of the regional councils, who were upset about what they saw as creeping reregulation, and panelists who represented Congress and the Administration that it seemed to be the Administration that was now imposing the regulations. It was noted that the group in favor of imposing regulations has switched. Now Congress is saying if you want regulations, maybe we ought to be the ones to do it rather than leave the program open to the kind of regulations the Administration might come up with.

Mr. Morris: By the way, there is something else here. How much regulation is really a function of the kind of experience the local government has had with the federal government in this area? Those jurisdictions which were heavily involved in all seven will recognize substantial reductions but where there has been a little amount of federal involvement they are recognizing substantial involvement.

> **"There is not as much of the total deregulation as the rhetoric surrounding the legislation might lead one to expect."**
>
> *Milton Morris*
> Brookings Institution

Ms. Liebschutz: I was going to say I have heard from HUD officials in the area offices and local officials frequently enough so that I believe it was a common assumption that the burden of proof in terms of acceptability of the application has shifted. Under the categoricals, it was up to the community to prove that its application satisfied the spirit and the letter of the law, whereas now the HUD area office must prove that the application is *not* satisfying the *Community Development Act*.

I think the communities going into this, at least for the first time, and the HUD area people really did operate in a way indicating that they did believe there was a shift. I think HUD's approval of all but three applications indicates that they were really willing to let the communities go the first year. I've seen some of those applications, and I really wonder how it was they could let those housing assistance plans which were characterized just by empty cells go through.

Those communities with well developed bureaucracies in terms of having administered and put together applications for the previous categoricals are just really going along in basically

the same way they were going on before. I think maybe they feel they have a little more freedom than they did before, but they know how to operate, not only with the HUD area office but also with all kinds of contacts at the regional and central office. Those communities with little or no previous experience, interestingly enough, are in many cases looking to HUD for technical assistance which puts the HUD field people in an unusual bind because they are not supposed to be giving technical assistance and not supposed to be involved except in very non-policy-relevant areas in the application process.

So we're seeing those kinds of differences at the local level. Then, I have noted tensions within HUD in terms of what Assistant Secretary David Meeker in Washington says the field should do and what the field feels it should be doing.

Mr. Mirengoff: There's a similar ambivalence in the CETA program. On Monday, you need help so you call the regional office: "How do I handle this?" On Tuesday, you get an adverse decision and complain that the "feds" are in your hair. It has been ever thus.

There's one respect in which CETA is a little different. In the pre-CETA period, the elected officials did not play an important role in manpower programs. These were run primarily by community-based organizations. For many prime sponsors, CETA is the elected officials' first experience in manpower programs. So it isn't so much a question of more or less but is it too much or too little.

Mr. Nathan: We don't have any evidence of that.

The State Role in Block Grants

Mr. Mirengoff: There is another question we need to discuss before we get through. What are the differences in state roles among the various block grant programs? For example, in CETA, the state role is minimal. That issue was resolved when the legislation was written; the states lost and the cities won.

Mr. Nathan: That's not true in Title XX.

Mr. Walker: Of the five block grants, three are basically federal-state, two are not.

Mr. Anderson: The National Governors' Conference has a phrase for an attempt to cut the states out; they call it the CETA-ization.

Mr. Merriam: I think it's been alluded to, but to what extent are these regulations and controls administratively inspired and to what extent are they inspired by Congress?

Mr. Nathan: Your question being where do the regulations come from?

Shades of Regulation

Mr. Turem: No, I don't think that's the question. The problem, I think, is more sharply drawn than what has been going on in Title XX. Part of the reason Title XX was passed was because Congress disapproved of a bunch of regulations that SRS was trying to put out on social services. The Congress hung up the regulations and caused them to be postponed. Regulations come from many sources. You can't have accountability and not have regulations. There are some that are simple restatements and elaborations of specific provisions in the legislation itself, but then there are some that begin to border on administrative usurpation. That is where you get into secondary and almost unbridled kinds of "Gee, I'm running this program and I like to do it this way." When the legislation is obscure or vague, it is easy to say, "I'm going to write any damn thing I want and if nobody complains, then that goes."

Then there is a whole set of problems that come in because they involve a level of detail beyond what the recipients can tolerate. It's not that it's legislative usurpation. It could be close to a specification of what the legislation says, but it may get down to the point where you're saying how many minutes a day somebody can go to the bathroom. There was some of that level of regulation in Title XX. There is objection to this punitive, as it was called, regulation.

That involved changing the way things were done in the past. But what upset the states, some of the people in the Congress and some of the constituency groups, the beneficiaries of the services, were regulations by the service deliverers. That's what upset the others. The regulations were beginning to tie the hands of the generalists and non-service deliverers. In almost all the discussion we have been talking about so far, have been

government-to-government complaints about the detail of legislation, the scope of it, and who says you can do what.

The more you deregulate, the more you abandon any notion of equal treatment for people in different locations and those are pretty serious concerns. Even the most profound block grant advocate doesn't think there are going to be zero regulations or zero directions between governments about how things should be done and how these funds should be controlled. It's done badly a lot, but I don't think anybody has abandoned that notion. So I think the issues, as I've seen them in Title XX, are extensiveness of regulation and when the federal regulators are getting into quasi-legislative functions beyond just simply saying the minimum needed to flesh out the legislation.

Mr. Steiner: That's what I wanted to back into: the notion that creeping reregulation is really a pejorative term, particularly among groups that are proud of pursuing value-free research, and my colleague takes pride in that. Those two questions might better be posed in terms of what is the extent of regulation. My hunch along those lines, and I think it is sustained by what has been said here, is that the evidence is not very strong to sustain the proposition that deregulation was clearly and evidently a primary goal of all this activity.

Mr. Walker: I think it's important to follow through on a point. Over the past six years, there has been a creeping phenomenon of government-wide requirements applicable to all federal assistance in the areas of environmental impact, equal employment opportunities, OSHA, and a number of others. These regulations are not incidental from the point of view of the program administrators. Ironically these regulations emerged more in the Nixon Administration than any other. This kind of add-on is really driving local and state governments up the wall on the issue of regulation because it doesn't apply to one functional area, but hits all.

Ms. Liebschutz: I don't think you can assume, and I'm sure you're not, that they are all regarded with equal seriousness. They are not.

Mr. Stenberg: Regarded by the recipient?

Ms. Liebschutz: Yes.

Ms. Doddy: In CDBG, the new way the environmental regulations are being regarded is a serious problem which may have to be looked at in the future. In the legislation, the localities were given the responsibility of bringing law suits and assuring compliance with environmental laws. That's a whole new area of responsibility for them. I don't think that has happened with the other grants to the same extent. Localities are being given more and more responsibility and being mandated, really, to carry out these duties.

The Source of Regulations

Mr. Stenberg: I think a footnote needs to be added to what has been said thus far. These regulations may be equally burdensome on the federal administering agencies. People in rather key positions at LEAA, for example, have told staff researchers that the reason why they have not made much progress in their monitoring and evaluation efforts and have not had time to review in a qualitative sense the plans submitted by states is that they are devoting substantial amounts of staff time to the review and enforcement of all of these governmentwide regulations that Congress in its wisdom has enacted.

Mr. Mirengoff: I think my own experience with administering the *Emergency Employment Act of 1971* (PEP) suggests that what Jerry Turem said is close to what happened. The law is written and someone sits down and says, "Let's go through the legislation paragraph-by-paragraph and see how it should be interpreted." You go through that whole process and then ask yourself what responsibility and accountability does the administrator of the program have. You then proceed to develop a set of regulations to protect your rear on that score. Over time, you begin to accumulate regulations and guidelines which are the result of unexpected developments that arise in the operations of the program. Questions arise daily to which federal representatives must respond. To be sure that different answers are not given to the same question, you begin to standardize interpretations which quickly lead to more regulations. Out of this process comes a series of burdensome regulations.

Mr. Morris: There is one last note to be made on the question about who does the regulating. We haven't mentioned the fact that the various client groups are themselves often a prime source of demands for regulations. I was interested in looking at HUD's development of the general program

regulations for CDBG program. Most of the comments they received were demands for developing more fully, developing more explicitly, outlining in more detail what is going to be done here. HUD tried to go with the initial Administration decision not to dictate on citizen participation. Yet, virtually all of the people who commented on this chided HUD for not going far enough in specifying how participation should take place and suggesting a structure. So, when we look at those pressures from the various interests involved, that's one source of the regulations that we find. Of course we don't know what the courts are going to say about what they do, and that adds a little bit to the detail.

Block Grants v. Special Revenue Sharing

Mr. Nathan: I wonder if we can't move along. Dave Walker said earlier, and with great confidence, that he could tell us the difference between block grants and special revenue sharing.

Mr. Turem: I'm glad you asked him that. If you didn't, I was going to.

Mr. Walker: I have no difficulty at all differentiating between the two instruments. President Nixon gave us a clear definition of special revenue sharing in the six bills first proposed in 1971. We examined these bills and found that none had matching across the board[10]. In terms of planning, there was perfunctory or pro forma plan review at the federal level. There was little basis for federal intrusiveness—except for evaluation auditing at the end of the whole process—after the money had been spent.

Congress has defined block grants. They are more intrusive than special revenue sharing, but not as intrusive as categoricals.

There is a plan review that is substantive on the part of federal officials. The review gets critical in the degree to which someone looks at the components of the plan and application and has the power and capacity to say here is what the elements of the whole undertaking are and should be.

There is variation on the matching requirement, but for three of the five existing block grants, matching is required—a hard match on one and a soft match for the other two. There was no match for any of the special revenue sharing proposals that the Nixon Administration proposed back in 1971. There were quasi-automatic entitlements for any jurisdiction that was eligible and a quasi-automatic substantive review by federal officials.

Now we have four new proposals described as block grants. The Ford Administration has learned the political lessons that the Nixon Administration should have learned about special revenue sharing: it is anathema on the Hill. I have no difficulty forecasting that Congress won't accept any one of the proposals. You may get some consolidation, but the kinds of constraints that Congress will build into these things will look like those we have been talking about this morning. There won't be only a pro forma filing of an application at the beginning and an evaluation at the end of the undertaking plus an audit. Congress will never accept that.

Mr. Turem: I think it's ironic here that you're now describing the exact reverse of the process that I think was going on back in 1970 when I remember Dick Nathan and Bill Robinson and some of the other people trying to figure out what the difference was between revenue sharing and block grants. Somehow this special revenue sharing idea got invented because you didn't like the block grant idea, as I recall, because it was too easy with block grants to think about matching and plan approvals. In the revenue sharing area, I understood that you wanted it to come out the way it did because you didn't give a damn about a lot of the means involved which block grants get into. You were interested in some ends, but you didn't really care about the rest of it, thus providing more latitude. The bills that first went up called special revenue sharing are now more like block grants, and the things that are going up as block grants have more characteristics of revenue sharing.

Mr. Walker: The underlying principles are very similar.

Mr. Nathan: My historical recollection and my sense of how you define these things are a little different from both of you. If I remember, when we were fussing with special revenue sharing,and I thought it was a terrible idea to call these things special revenue sharing, the Nixon Administration and the people in the White House particularly wanted something to put a different name on. They really didn't want to call it that old track-worn phrase of block grants. They wanted something that was big and that was theirs, and so they

came up with this idea of special revenue sharing. I once went to the people at the White House and said that special revenue sharing is a terrible name—you should call them general grants. They said that was too Republican, they couldn't use that name.

I think, when you look at the special revenue sharing block grants, the whole business of distinguishing between the two isn't very useful. When you look particularly at the difference in matching requirements, which was cited as important, CDBG and CETA have no matching. When you come down to it, it seems to me we would all be better off if we forgot the term special revenue sharing and used the term block grants, but underline the point that Gil Steiner is asking us to focus on—that a block grant means different things to different people. I like to use the phrase, broader and less conditional federal instruments.

I'm reminded of what Graham Watt used to say when he was head of the Office of Revenue Sharing, "General revenue sharing is a simple, no strings program that is very complicated and has important strings attached." I think that is the spirit in which we need to assess each of these block grants. I would say that we may as well talk about all of the five programs we're dealing with today as block grants, but the degree and kind of blocking is different from case to case and the direction of change, particularly on Title XX, is up for grabs.

The second thing I would say is for levity too. I was reminded when somebody said earlier and I think it was you, Dave, that local health officials like the *Partnership for Health Act*. Calvin Trilling once said in the *New Yorker* magazine that mayors like revenue sharing or whatever else the federal government is calling money this year.

So I think we would all be better off to go back and forget about special revenue sharing. I thought they should have forgotten about it before it got out of the box. That's my amending of Jerry's recollection of the history.

Mr. Walker: I disagree with the basic point you have made. If you ignore the differences in kind and quality in the ways federal administrators can intervene, you ignore the cardinal distinction between these two approaches. The issue is intrusiveness and the degree to which the federal government gets involved. If you don't understand that qualitative problem from the point of view of drafting legislation, then any proposals that go to the Hill will come out different. Not one of the five block grants that we've talked about this morning in any way resembles special revenue sharing. That's because there is more intrusiveness than in any other special revenue sharing program either proposed in 1971 or 1976.

Mr. Nathan: Go back and look at those special revenue sharing bills. Some were quite intrusive, education for one.

Mr. Merriam: I want to go back to Gil's usually incisive critique related to what you said, for I thoroughly agree with most of it. It's not just whether there is intrusion, but the purpose or the means of intrusion. In other words, the question is whether you're trying to use regulations or direction of the federal agencies to achieve certain national objectives and perhaps some degree of uniformity in the execution of these programs, as opposed to whether you're simply having regulations for the purpose of protecting the administrator. There is a distinction between an intrusion which really accomplishes a purpose that Congress says is the national objective and an intrusion about how you cross your t's and dot your i's. I would think research could refine that a little more.

Mr. Mirengoff: Can we really classify things so precisely or are we dealing with a continuum that extends all the way from revenue sharing to categorical programs? If you were to identify four or five criteria, they may appear on different points on a continuum. Where a program comes to rest on the continuum depends on several factors including Congressional intent, Administration policy, and bureaucratic style.

Mr. Nathan: I think that's useful. Block grants are somewhere in the middle on a continuum with different block grants having different places between categorical and pure revenue sharing.

The Role of the Generalist

Mr. Nathan: I would like to go back and put something on the table, and that is the business about generalist officials. It would be misreading the history of domestic policy in this period that we're going through not to understand general revenue sharing and block grants as a reaction to

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William Mirengoff
National Academy of Sciences

the "Great Society" and to the burgeoning in the mid-'60s of categorical grant programs. In essence, that reaction was designed to say we want more local control. We want generalists, elected officials, to be accountable and to be involved in certain areas of policy making, particularly in the human resources services and community development programs which we are talking about today. We all could talk a great deal more about regulations and how they got there. But I think it would be good instead to flip the record over for a few minutes and talk, at the local end of this discussion, about whether this change in policy-seeking—to give more emphasis to local political processes—has had much effect.

We have heard Bill Mirengoff speak to that. I mentioned before that citizen participation in the CDBG program appears to me, from my traveling around the country in 15 cities and reading some reports, to be quite significant. In fact, I'm surprised at how much and how lively citizen participation is in response to CDBG. One could even say that citizen participation doesn't necessarily jibe with strengthening generalists—mayors, councilmen-types. How does all this fit together?

Citizen Participation and Generalists

Mr. Benton: We've just been through one planning period. It was very rushed in terms of the time available for Title XX, and we haven't done all of our research. But apparently you have a very select group of citizens who participated, namely those who previously were organized to provide social services. They are either providers of funds or people who want to get funds. That is a very special group that appears not to represent general public participation. How do you handle this in terms of the powerful, more articulate groups being more advantaged in the processes of Title XX than someone who may have some need and not be as articulate? What does that mean for a public administrator, someone in charge of an agency, in terms of responding politically?

Mr. Turem: This is where a lot of the research is a political scientist's dream. Consider citizen participation in Title XX. We expect a lot of political activity in terms of competition for some portion of that $2.5 billion. We will see the changes unfold due to the way we have politicized the program. We expect it results in all kinds of interesting, though not necessarily desirable, things.

For example, in one state we are dealing with, the day care people were so well organized, and so much better organized than anybody else, that they didn't even bother with the social service agency. They went to the legislature and the legislature wrote into the social service appropriations bill how much must be spent on day care.

We are a long way from the notion of local neighborhood levels of citizen participation in the Title XX-type program. The citizen participation you're talking about is from the administrator's

point of view. He's very likely looking for a constituency to help him with his legislation and with a lot of other things he needs support for.

Mr. Stenberg: It strikes me that there is a dilemma in the definition here with respect to both citizen participation and generalists. With respect to citizen participation in the block grants, we have not defined who is a citizen. How does he or she participate? This leaves the process wide open to the power holders, the same as back in the '60s.

With respect to local elected officials, Congress, at least in the case of the *Safe Streets Act*, has proven rather skillful at glossing over these issues in reference to local elected officials and as far as citizen participation is concerned. Local elected officials are required to constitute a majority of the supervisory board of the regional planning units. The sheriff is a local elected official. This interpretation has been upheld by LEAA's general counsel and supported by the pertinent Congressional committees. The point is that until we determine who should be in the process and what types of participation are reasonable to expect, we haven't gotten very far.

Despite the enormous volume of literature on citizen participation, we haven't resolved the basics yet. We ignore, for example, the basic fact of life—that local government is a part-time government. For example, we want to place the mayor in the driver's seat. Yet, this person puts in eight hours at the florist shop and then goes over to city hall and reviews and acts on the community development plan or the Safe Streets plan. It's unrealistic to expect this person to make a major commitment of his or her free time, if there is any left after all these meetings, to do the home work really necessary to be in the driver's seat for such complex programs and not just be a figurehead. I think the block grant programs subscribe to what someone once called, "the myth of the generalists." The real power holders are still the specialists, and I would suspect that you will find this same thing with respect to citizen participation.

Mr. Turem: That is a very important point. It was debated in HEW when they were talking about various block grant proposals for human services.

"I think the block grant programs subscribe to what someone once called, 'the myth of the generalists.' The real power holders are still the specialists."

Carl Stenberg
ACIR

There was a time when there was great enthusiasm for a kind of half mythological notion that you get the mayor and the board of supervisors, who have to run for office, involved. They are going to keep their people happy, so the notion was to make them responsible.

In a cavalier way, I just talked to a couple of people I happen to know who hold those offices; they often don't want to touch these programs. There are some programs they want and some they don't. You have to look at that. Some of these programs are "no-win" situations. Other programs they wouldn't mind controlling because they can dispense benefits and get a lot of gold stars. They would like to do that.

The other thing is a lot of them say, "Look, even if I'm interested in that, even if I think a lot of stuff is going wrong because there are problems here with drugs, and not illegitimacy, and I would rather have money go into the drug program, I don't really know. I'm not substantively qualified to deal with those kinds of issues." The mayor says how is he going to tell his welfare director what to do when the director is telling him? The mayor is not going to know any more if you pass block grant funds down to him than he would have before. Some people at the local level, of course, do know more what their problems are and know to deal with them.

Mr. Anderson: A couple of points from my prior vantage point as a city manager. The first is probably obvious to everyone. The description of citizen participation by Jerry Turem and by Carl Stenberg is not limited to block grants—it is a description of citizen participation in local government as I have known it. In other words, 90-some percent, and sometimes 100 percent, of the input comes from special interest groups. Nobody speaks for the remainder of the citizens. When you look at these three elements—namely, the citizens and citizen groups which are involved, the elected legislator, and the professional staff—the elected legislator often will not stare these special interests in the eye and tell them where they are wrong in terms of the overall public interest. It's pretty much the staff's lonely job to do that.

A second point, and maybe your question wasn't even this broad, is what you can and cannot expect of elected officials. Many of them are part-time; I certainly agree with what he says. But when you come to something like CDBG, which is as local a program as you have among the existing block grants, we positively hungered for community development to strengthen the role of the elected officials in our city and their appointed generalist administrators *vis-a-vis* our housing and redevelopment authority. I started a locally funded CD program and administered it for three years before the federal legislation. That local program had the same objective as the federal block grant money, but we had to live with a housing and redevelopment authority that had tunnel vision. The power struggle I faced may be very different from that under CDBG where the city council and manager are in a dominant role. I don't know what is going to happen under those circumstances. But we've awaited this day, and now I am not sure if it's turning out quite as I had hoped.

Participant Discretion in Community Development

Mr. Nathan: As I listen to this, I think about the kind of data I've seen, and I think I come out near where you do, Wayne. Of all these block grant programs, the biggest dollar-wise and the potentially most likely program to have an effect at the local level is the CDBG program, both in terms of generalists and citizens. Just the kind of thing that Wayne has described, the type of change he sought to make is, in some cases, facilitated and obviously sought after in the same way you describe it, by other managers and local officials who are starting with the CDBG program and working with it. They are doing the kind of things you are talking about. I would venture to say in terms of the local impact, particularly having read Bill Mirengoff's report, the CDBG program is where we may find the greatest effects occurring from the institution of block grants.

"The most important single fact is the amount of money involved."

Milton Morris
Brookings Institution

Mr. Morris: Wayne Anderson made a point I want to comment on; it is that the myth of the generalists doesn't apply to CDBG to as great an extent as to other areas. You need to consider who the generalists are and what kind of a role they play. I'm not quite sure when we talk about generalists in charge, or generalists having primary responsibility, whether we mean technical responsibility as much as it means political control. They are two different kinds of things. In most cases people who are involved, who are in charge, are either mayors or city managers, and the city manager is highly susceptible to political control. Of course the city manager and part-time representatives might not have a great deal of command of the intricacies of the program, but he may well know what the community is likely to support and what it is likely to oppose. That is what the Nixon people wanted. They wanted to have that kind of control in the hands of generalist officials, the elected people, and the staff people who serve under them.

Mr. Nathan: Milt, you seem to be coming out somewhere close to what I just said and what I understood Wayne Anderson to be saying. If we are right, what do you think, from having looked at different forms of block grants, explains why there is more of a tendency to have generalists more predominant in the CDBG area than in the other areas?

Mr. Morris: The most important single fact is the

amount of money involved. That makes a big difference. There are other things involved, and they go to something like Wayne Anderson was saying awhile ago in the struggle between Model Cities and Urban Renewal and the city manager's role and relationship therein. Those have really been very salient types of conflicts, and this is an opportunity to resolve those conflicts. Those kinds of things don't seem to apply to the other types of programs.

Mr. Nathan: I think that is one of the most interesting things that has come up.

Mr. Anderson: I would just corroborate what Milt Morris has said in terms of my own experience and maybe here you would contrast CDBG and LEAA. I held about three different kinds of posts in the LEAA program, and I didn't even understand it. They shoved applications in front of me as the city manager, and I signed them. I went out to the regional planning district, and we considered six or seven applications. The plan they put in front of me was just a way to get the money. I didn't really read it; I couldn't spend that much time on it. There wasn't that much money involved. Whereas, community development and housing and everything you're going to do in the blighted areas in your city—that's real.

Mr. Benton: I don't think it's all a matter of money. The governor of Maryland was interested in the 4 percent he could deal with.

Mr. Turem: Magnitude and latitude?

Mr. Mirengoff: The governor actually ends up with 10 percent of the CETA pie—the 4 percent for state programs, 5 percent for vocational education, and 1 percent which is open-ended. But the leverage that buys is very limited.

Mr. Benton: He was only interested in the 4 percent where he has latitude, not the 6 or the 90.

Mr. Mirengoff: That was clearly his money. The 5 percent was categorical, it was educational money, and the 4 percent was really non-restrained. But I don't think that is a great matter with him. It doesn't weigh heavily on his conscience, I'm sure.

I'd like to pursue a point that was made earlier. In CETA, one can see a pretty close correlation between the extent of involvement by the elected official and the proportion that manpower monies represent of his total budget. That relationship is critical.

There is another question I'd like to surface. What are the implications for decisions on program priorities and program participants?

The Interaction of Block Grants

Mr. Nathan: One of the things I'm very interested in, and we still need to talk about, is the extent to which these block grant programs can be fitted together to reinforce the kind of controls that Milt Morris, Wayne Anderson, and I were talking about a minute ago. We see evidence in CDBG that if you use CETA funds to staff something which you build or set up with CDBG funds, you've got to talk about the two programs together. The two may have a reinforcing effect. The effects of block grants may not be as big looking at a simple program as when you think about the way in which these several programs used together—revenue sharing, CETA, CDBG—have an effect. The whole may be bigger than the sum of the parts in terms of this kind of an effort to draw out generalists and have some impact on citizen involvement.

Mr. Walker: This "critical mass" of money is very important in terms of whether generalists involve themselves or not. The two state block grants that we looked at clearly have led to a situation where governors have not engaged themselves because of the pressures of their office. They are buried in the midst of the health and public safety departments. Housing and community development may be quite a contrast.

We also got the impression from our surveys and interviews that many governments want the LEAA program because it is supposed to do something about stopping crime. Crime rates have been going up since the program was instituted. It's a political liability if the governor is supposed to be the chairman of the SPA and the crime rate has gone up. This is sort of a monkey on his back.

A somewhat related point is that many local jurisdictions now receiving manpower and community development funds were not really involved in these programs before. All block grants have a precise eligibility formula compared to most of the categoricals. We're putting cities and counties in a ball game they never heard of and didn't ask to be in. What does that do to the generalists? For them, in a sense, it is new money which might confer some discretion, compared

> **"We're putting cities and counties in a ball game they never heard of and didn't ask to be in."**
>
> *David B. Walker*
> ACIR

with the position of others who have been in the HUD or the Labor Department pipeline before. Yet, these cities and counties often don't have the professional staff to counteract the influence of the line agency people. We need to keep this point in mind in the research we are doing.

Ms. Liebschutz: I would like to pick up on that point because I'm concerned about assessments of institutional change. I think it's very rewarding to be monitoring a program as it goes into effect and to see, for example, the much greater involvement of generalists, elected public officials in a CDBG application this year than in the previous categorical applications. You have to be very cautious about assuming that they will continue to be as heavily involved, which leads me to make two points. The first is about citizen participation. It's my impression that since it's not stipulated in the act what citizen participation is, how it should be structured, who should be involved, there is a great deal of flexibility, and a great deal of prerogative for those same local generalist officials to structure the citizen participation process so they get the outcome they want.

This, I think, buttresses the point Milt Morris made about the importance of the dollar size. If you have sufficient dollars to begin to disburse the benefits geographically, you can build up a constituency and support.

The second point that I picked up in my interviews of these generalist officials, is that part-time legislators and city councils were excited about being involved the first time around. They saw it as something different, a whole lot of money, and they were very eager to get involved. So they learned about the act and they worried about all its aspects. Now it's the second round, and some of them are getting bored with the thing. Their boredom leads to increased responsibility by those same functional specialists who in many instances used to manage the categoricals. We have a potential tension between stimulating this new constituency and the management of the program by people with tunnel vision, as you put it, Wayne, whose great concern and great worry was over the people who didn't get represented normally.

I hope, down the road, we'll be able to assess whether these changes in responsibility from generalists to specialists are being maintained or whether we're going back to the same old modes.

Mr. Anderson: As always, there must be great variation as to how different communities are organized and react.

Ms. Liebschutz: Yes.

Mr. Rindler: I was hoping we could get to methodology.

Mr. Nathan: Good.

Methodological Approaches

Mr. Rindler: Earlier in the morning there was some discussion about one of our biggest methodological problems—measuring the degree of substitution. To what extent is this money replacing money that would otherwise come out of taxes or be supported from local revenue?

Mr. Nathan: Let me expand the question and then we can try in the time that remains to give you some guidance. Of course, part of the answer is that we should keep in touch with each other on a continuing basis and this is one of the areas we've been discussing with you and the other groups involved. As I see it, there are several methodologies being used.

One is the Urban Institute approach which ACIR has used in part in its *Safe Streets Act* research. This approach involves field visits by central staff, a group of people that go out into five or six or seven different localities. Although the places you can go are limited, you do get consistency, which is a very strong advantage.

The second methodology is the other half of what Jerry Turem is doing and what ACIR is also doing and that is to use surveys.

Mr. Turem: In addition to that we're doing other things. We're going to collect three years of data from the states on how they have allocated service funds, by service, whether they provided it or

purchased it and who got what. We are going to try to get two years prior to Title XX also. All the states now have to do some sort of cost allocation to allocate their dollars to services and to clients. We're going to try to get the two prior years and the Title XX first year and use it as a base line so that several years from now we can start looking at changes. We expect the cities and the bigger counties in the state to get a larger share of that money than they did before when there was a statewide requirement to spread money more evenly.

We have an hypothesis that there will be certain shifts. The bulk of the money now goes to day care. Child care lobbies tend to be strongest lobbies. I'll bet that three years from now you'll see the aged and the handicapped getting a bigger share. That's the politics of the thing.

On the basis of the interviewing we're going to do of political administrators and others about what changes they have seen, what their aspirations are, what they expect to see happening over the next few years, we're going to try to weave these together into a baseline description so that two or three years from now, somebody can go back to those states and see both quantitatively and qualitatively what changes have occurred.

Mr. Nathan: We're doing somewhat the same thing in general revenue sharing where we're blessed by having the Census state and local finance data to go back and look pre- and post-revenue sharing. Looking at these data collecting techniques of which there are actually four—and I'll review them again in a minute—they are reinforcing. I wouldn't want to give the impression that one of us is using one and the other another. We're all aware of the need to put these various types of data together.

So let's review now. First, we'll pick up on Jerry Turem's point, statistical data on a time series basis, from various sources depending on the subject matter. Second, is field visits by a central team such as ACIR and the Urban Institute have been doing in their respective studies. Third is survey research where you send a questionnaire out, such as the Urban Institute has done, such as the ACIR has done on Safe Streets, and ask people how they behave in relation to this particular block grant. And the fourth is the field network technique which we're using in addition to some of these other techniques. We have a field research network of on-the-scene, uninvolved objective observers which permits us to have a bigger universe for a lower amount of money but may not offer as much in terms of the same people looking at the same things. There are trade-offs in research design in these kinds of studies which all of us are aware of.

I think it is important that we be conscious not only of the way our program interests fit together and the way in which our findings may be useful, one study to the other, but also that we think about and keep in touch on, and keep alert to, what we are learning both as individual projects and as a group in terms of methodology. What happens when you change policies? What kinds of methodologies can you develop to learn about the effects of major policy changes? What are the pluses and minuses and important characteristics of these methodologies in terms of collecting uniform policy relevant data on how these changes are or are not reflected in actual practice?

One of the things I'm very glad about is that all of this research is going on. We've had in the last five years a series of related changes in domestic policy under the heading of revenue sharing and block grants involving certain kinds of common purposes with all the subtleties we've talked about today. Anyway, there are new directions in domestic policy which are no longer theoretical, but which involve some very large programs which we've also talked about today. It is important and comforting that the social science research community has responded and is allocating important resources to studying what happens to these programs.

There has been a tendency in social science research, as soon as a new law is passed, to rush around and look for the next hot issue. I personally am pleased that this little group and others, who could be here and are involved in similar work, are devoting resources to trying to get a body of data on what happens when you change a policy so that when that policy comes up for reconsideration, as is now the case of revenue sharing and Safe Streets and soon will be the case under CDBG, there will be a body of data that people can point to and say, here, this gives you an idea of the kind of things that have been happening. What can we learn with hopefully more sophisticated techniques about the effects of these kinds of domestic policy changes?

I think we're working in an area that has considerable usefulness. We should keep these

methodological considerations in mind as we work together.

Wayne Anderson, you should have the last word.

Mr. Anderson: We're glad to be the conveners. We will stay in touch with you to see if we can try to do this again. Maybe it isn't too early to ask each of us to bear in mind the possibility that there may come a point at which we will want to do a four-way sort of document on some conclusions about block grants. It might be a very useful product.

FOOTNOTES

[1]OMB Circular A-95 establishes a grant notification and review procedure whereby state, regional, and local governments are given the opportunity to review and comment on proposed applications for federal grants through areawide "clearinghouses."

[2]William Mirengoff and Lester Rindler, *The Comprehensive Employment and Training Act: Impact on People, Places, Programs*, interim report (Washington, D.C.: National Academy of Sciences, 1976). William Mirengoff, editor, *Transition to Decentralized Manpower Programs, Eight Area Studies*, interim report (Washington, D.C.: National Academy of Sciences, 1976).

[3]A prime sponsor can be a city or county with a population of 100,000 or more; a state government serving smaller communities, referred to as "balance-of-state;" or a consortium, which is a voluntary grouping of prime sponsors.

[4]Martha Derthick, *Uncontrollable Spending for Social Services Grants* (Washington, D.C.: Brookings Institution, 1975).

[5]Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System* (Washington, D.C.: U.S. Government Printing Office, 1967).

[6]See upcoming ACIR report entitled *The Partnership for Health Act: Lessons from a Pioneering Grant*.

[7]Advisory Commission on Intergovernmental Relations, *Modification of Federal Grants-in-Aid for Public Health Service* (Washington, D.C.: U.S. Government Printing Office, 1967).

[8]See upcoming ACIR Report, *Safe Streets Reconsidered: The Block Grant Experience 1968–1975*.

[9]Richard P. Nathan, Allen D. Manvel, and Susannah E. Calkins, *Monitoring Revenue Sharing* (Washington, D.C.: Brookings Institution, 1975).

[10]See Advisory Commission on Intergovernmental Relations, *Special Revenue Sharing: An Analysis of the Administration's Grant Consolidation Proposals* (Washington, D.C.: U.S. Government Printing Office, 1971).

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ELECTED COUNTY OFFICIALS

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William E. Dunn, Commissioner, Salt Lake County, Utah
Conrad M. Fowler, Shelby County, Alabama

What is ACIR?

The Advisory Commission on Intergovernmental Relations (ACIR) was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, state, and local government and the public.

The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for the work program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups. The Commission then debates each issue and formulates its policy position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR policies.